

26 JUL 1977

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77-4217

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MEMORANDUM FOR: Director of Central Intelligence

VIA : Acting Deputy Director of Central Intelligence

FROM : Michael J. Malanick
Acting Deputy Director for Administration

SUBJECT : Organizational Development

REFERENCE : Memo for the Record from [redacted]
dated 20 May 1977; subject: Establishment of Staff
of Internal Organization Development Specialists or
Consultants

STATINTL

1. Action Requested: This memorandum is prepared in response to reference which refers to an Employee Suggestion and the DDA and Office of Personnel comments thereon. It was sent to you for your consideration.

2. Background:

STATINTL [redacted] of the Office of Communications, submitted an Employee Suggestion that "the Agency establish a unit to provide diagnostic and consultative services as an internal resource in the areas of organizational development." The suggestion proposed the staff would provide certain services in the "OD" terms of action research, feedback, interpersonal competence acquisition, organizational renewal, conflict management, et al. Two responses to the suggestion were prepared: one from the Office of Personnel, which specifically addressed itself to the establishment of an Organizational Development Staff, and one from the DDA, which pointed out what the Agency is presently doing along OD lines on an ad hoc basis. Neither supported his suggestion for a formal OD Staff. [redacted] views STATINTL the two responses as at odds and as evidence that his proposal was submitted to the "wrong forum" and, hence, has prepared reference Memorandum for the Record for your consideration. It was unfortunate that the two responses were sent to [redacted] without molding them into a unified reply. The two approaches to the proposal are not at odds; they look at the suggestion from two perspectives.

3. Staff Position:

STATINTL The Office of Personnel's response to the suggestion was directed to the proposal for the establishment of an Organizational Development Staff and the belief that such a staff could only successfully function where there

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was centralized Agency or Directorate support for the institutional management objectives of the program, including a commitment of resources. The response included a suggestion that the proposal be referred to the DDA for Directorate level consideration, as a matter of this scope would necessarily require top management decision. The DDA response discussed the general subject of OD and described what the Agency is presently doing, ad hoc, along general OD lines. As noted above, we do not see these responses in conflict but rather as addressing two different aspects of the suggestion, i.e., the establishment of a formal staff devoted to OD and the OTR support presently given to implementing OD concepts on a limited scale. In a subsequent memorandum not sent to [redacted] the Director of OTR emphasized the need for strong and continuing management support, the point made in the Office of Personnel reply.

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There has always been a good deal of mystique surrounding OD, much of it engendered by the language used to describe it. An example is the definition given by the suggestor.

"OD is a long-range effort to improve an organization's problem solving and renewal processes, particularly through a more effective and collaborative management of organizational culture, with the assistance of a change agent, or catalyst, and the use of the theory and technology of applied behavioral science, including action research."

In simpler terms, OD is the systematic manner in which an organization's problems are diagnosed and treated, with the goals of making that organization an ideal one for both management and employees.

Almost any literature on the subject of OD emphasizes its only chance of success is the solid commitment to OD principles at all levels of management and of employees and includes an equal commitment of time, personnel and finances. Attached is a copy of an article from the March-April 1977 Personnel publication on Organization Development, which makes the point that time is the greatest stumbling block to the success of the OD effort--and that it takes three to five years before such an effort fully takes hold and changes a work culture. Time, moreover, is only one factor in the implementation of an OD program. An organization requires stability for OD to be effective, and a high degree of mobility, such as exists in the Agency, can easily negate the benefits of an OD program.

Agency records reflect the original suggestion that CIA undertake an Organizational Development Program dates back to 1964. At that time the Agency entered into a contract with [redacted] of

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Austin, Texas for the purchase of the Managerial Grid. The Grid was the first of a six-phase program sponsored by [] which in its entirety was an OD program. For numerous reasons, mainly time (five years) and funds (\$500,000), the Agency's top management chose not to make the commitment for the total package. We "bought" the first phase only (Grid) and that program has continued as one of the more popular courses given in the Agency.

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The Office of Training and the Office of Medical Services, Psychological Services Staff, have developed and will, to the extent possible, maintain a low key capability to respond to OD-like requirements should they surface. While there is no capability to initiate OD efforts, assistance in instances where OD promises benefit has been provided. In 1973-74 OTR hired an MBO and OD expert, []. His effort in CRS, involving over 70,000 man hours to improve the effectiveness of that organization, is an example of what can be done in-house when internal resources are available and utilized. It also points out the time frame and resources required.

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As was noted in the OP original comments, OD presents many attractive aspects, apart from the academic viewpoint expressed by the suggestor. We also believe that the establishment of a Staff responsible for OD on a Directorate or Agency level would be a natural step in evolving management concepts. The successful establishment of a formal OD Staff for the purpose of identification, study, analyses, and finally treatment of the problems would, however, require top management support and the provision of the whole package of resources required.

We do not believe the Agency is ready nor in a position to support or benefit from an OD program of the scope proposed. Apart from the need to reallocate resources, financial and people, from our already tight budget and personnel ceilings, the still unresolved impact of any possible reorganization of the Agency would make it thoroughly impractical to consider the proposal at this time. The establishment of an OD Staff and an OD program of this magnitude would require a highly stable management situation, as well as a long-range commitment at all levels to its principles. Once we have the stability to support such a program, it would be appropriate to carefully review the OD concepts and thrust to determine if the costs in resources would provide sufficient and significant benefit to merit the diversion of funds and personnel required. It would also be appropriate to determine if Agency managers and employees are willing to accept a program of this nature. Success of such a project depends on commitment to the content and results as well as to the spirit of the idea. In the meantime, we believe the organizational development activities of the Office of Training adequately satisfy the ad hoc requirements of the Agency components interested in one or another of the individual aspects of OD.

4. Recommendation: Attached is a proposed response from the
STATINTL Director to

/s/ Michael J. Malanick

Michael J. Malanick

Attachments

Originator:

(Sgt. Maj. F. M. Jones)
Director of Personnel

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